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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 27

NIHON KEIZAI (Page 2) (Full)
June 28, 2006

09:32

Attended an executives' meeting at party headquarters.

10:02

Attended a cabinet meeting at Kantei. Foreign Minister Aso remained. Later, attended a joint meeting of the Administrative Reform Promotion Headquarters and the Policy and Financial Reform Promotion Headquarters.

10:44

Met with Intelligence Officer Mitani, JDA Defense Policy Bureau Director General Oko, and Intelligence Office Chief Mukunoki.

12:19

Left Haneda Airport for a tour of Canada and the US on a government plane.

Local time

Morning

Arrived at airport in Toronto, Canada.

4) Poll: 57% of LDP members favor Abe as next prime minister, 24% support Fukuda

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YOMIURI (Top Play) (Excerpts)
June 28, 2006

The Yomiuri Shimbun learned yesterday from its survey that a majority of the rank-and-file members of the Liberal Democratic Party (LDP) would vote for Chief Cabinet Secretary Shinzo in the LDP presidential election in September, and some 20% would support former Chief Cabinet Secretary Yasuo Fukuda. Other potential candidates Foreign Minister Taro Aso and Finance Minister Sadakazu Tanigaki are facing an uphill battle. Abe, who has come out on top in various opinion polls regarding possible candidates to succeed Prime Minister Junichiro Koizumi, also appears to have the backing of many LDP rank-and-file members who could sway the outcome of the party presidential race. His high popularity among party members could affect other LDP lawmakers and their strategies for the election.

Yomiuri conducted the telephone survey on June 23-25 on 738 LDP rank-and-file members from 47 prefectures, of which 568 (344 men and 224 women) responded.

Asked who is the most appropriate person to succeed Koizumi as LDP president and prime minister, Abe ranked first with 56.5% and Fukuda followed with 23.9%. The two leading potential candidates garnered more than 80% of the total, suggesting the rank-and-file members expect a showdown between them.

However, Aso and Tanigaki, who have indicated they plan to run in the race, scored just 2.3% and 1.8%, respectively.

In a Yomiuri poll conducted on eligible voters on June 17-18, 44% of respondents supported Abe, while 19% backed Fukuda. The survey of party rank-and-file members clearly showed Abe as the favorite among party members with direct voting rights to choose the next party president.

5) Poll: 49% support SDF dispatch to Iraq, 35% say SDF mission was "not good"; 55% oppose continued ASDF deployment

ASAHI (Page 3) (Full)
June 28, 2006

The Asahi Shimbun learned from its nationwide survey on June 24-25 that 49% supported the dispatch of Self-Defense Forces troops to Iraq, saying that the mission was good for Japan, while 35% said it was not good. Asked about the planned continuation and expansion of transport assistance by Air Self-Defense Force personnel, 55% were opposed, with 33% supporting it.

Some 54% of male respondents supported the SDF mission in Iraq, while 44% of female respondents supported it. Separating the responses by age, those in their twenties were highest at 55%.

On the question of whether the government's decision to continue and expand ASDF operations, 41% of male respondents said, "Appropriate," and 51% opposed it, while 26% of female respondents supported it and 58% were opposed. Among supporters of the Liberal Democratic Party (LDP), 46% supported it and 42% were opposed.

Asked whether the government's decision to pull out the Ground Self-Defense Force troops from Iraq at present, 34% said, "Appropriate," while 53% said that the GSDF personnel should have

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withdrawn earlier. Only 6% said the troops should not be pulled out.

6) 52% oppose resumption of US beef imports, 37% support it

ASAHI (Page 3) (Full)
June 28, 2006

According to an Asahi Shimbun survey, 52% opposed the resumption of US beef imports, while 37% supported it. Asked about whether they would eat US beef after it was imported, 71% said that they did not want to eat it. Women were especially reluctant to eat US beef. The figure showed that many Japanese consumers were concerned about the safety of US beef.

In a survey conducted last October, 67% opposed and 21% supported the previous resumption of US beef imports. In the latest survey, the percentage of those opposing the resumption decreased, while the support rate increased. Some 60% of female respondents opposed it, with only 27% in support, while 44% of male respondents opposed it with 47% support.

Asked whether they would eat US beef after imports were resumed, 23% said they would eat it, while 71% said they did not want to. As many as 81% of female respondents said they would not eat it. Among those supporting the resumption of beef imports, 36% said they did not want to eat it.

This is the fourth survey conducted by Asahi, and the percentage of those who said they "don't want to eat US beef" was highest at 67% in the survey last October and was 62% in the January survey.

7) Establishment of Futenma consultative body likely to be delayed due to Inamine's rejection; Government considering talks without Okinawa

ASAHI (Page 4) (Abridged slightly)
June 28, 2006

The central government, the Okinawa prefectural government, and affected municipalities originally planned to establish a consultative body this summer to discuss specific plans to relocate Futenma Air Station and local economic stimulus measures -- focal points in the realignment of US forces in Japan. But the establishment of the body is now likely to be delayed because Okinawa Governor Kenichi Inamine is refusing to participate. The government, which wants to map out detailed plans by October, has begun considering establishing the new body without Okinawa.

"I know it will take time, but we would like to continue talks with you, the local people, persistently." Following the event commemorating the Battle of Okinawa on June 23, Prime Minister Junichiro Koizumi underlined the government's plan to push ahead with talks with local governments to realize the Futenma relocation plan.

In May, the government and Okinawa exchanged a basic confirmation noting that Futenma Air Station will be relocated "based on the government's plan." They also decided later in May to establish the consultative body.

Futenma relocation is a prerequisite for reducing Okinawa's burden

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by relocating Okinawa-based US Marines to Guam and other steps. For relocating Futenma, the government plans to complete a V-shaped pair of runways at Cape Henoko in Nago in eight years. To that end, the government intends to work out detailed plans by October and compile a budget including necessary expenses.

But Inamine declared: "I will not join the consultative body if it discusses the government's plan alone." Inamine remains adamant that he will not join the body unless it also considers Okinawa's counterproposal for a temporary heliport.

Possible negative impact on the budget

If this situation persists, the government may not be able to establish the body even in August when it will present rough budgetary requests for fiscal 2007. Given the situation, a plan has emerged in the government to begin talks with affected municipalities first without Okinawa and obtain Okinawa's concurrence before mapping out specific plans. Nago Mayor Yoshikazu Shimabukuro and others are willing to hold talks with the central government.

Nago does not like the idea of establishing such a body without the Okinawa government, however. Given the fact that the central government discontinued its economic assistance to the northern part of Okinawa, the prefecture strongly hopes to discuss a new economic package with the central government. Okinawa wants to discuss new stimulus measures first apart from the Futenma relocation plan.

Okinawa is hoping that government will shift its attitude with the changeover of the prime minister in September before the Okinawa gubernatorial election in November.

Situation may change with the election

Behind Okinawa's reluctance to join the new body lies the gubernatorial election in November. Learning of Inamine's intention not to run for reelection, the Liberal Democratic Party and the New Komeito have begun looking for a candidate. There is a view that if Inamine sat at the negotiating table to realize the government's plan by disregarding Okinawa's anti-base sentiment, a candidate seen as Inamine's successor would not be able to win the race.

The LDP Okinawa chapter confirmed at its June 24 convention a policy direction of aiming for the early construction of an alternative Futenma facility -- a step closer to the government's plan.

The LDP chapter has yet to determine to what extent it will cooperate with the government. The LDP originally planned that if the party was able to find a gubernatorial candidate by June 29, when LDP members would ask questions at the Okinawa Assembly, it would let Inamine announce his decision not to run in the race in the form of answering questions. But that plan is likely to defer.

Meanwhile, such opposition parties as Minshuto (Democratic Party of Japan), the Japanese Communist Party, and the Social Democratic Party are selecting their candidates under the anti-Futenma relocation banner. "If an opposition candidate won the race, the relocation plan would again stall," an alarmed senior Foreign Ministry official said. The government and Okinawa have drawn the scenario based on a victory by a ruling-party candidate in the gubernatorial election.

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8) USFJ starts new radar test

NIHON KEIZAI (Page 2) (Abridged)
June 28, 2006

US Forces Japan (USFJ) has now deployed an antimissile mobile early warning radar system, codenamed X-band radar, at the Air Self-Defense Force's Shariki Detachment base in the city of Tsugaru, Aomori Prefecture, sources said yesterday. USFJ seems to have been test-operating the X-band radar, according to the sources. The newly

installed radar is expected to go operational within the year. North Korea is now making preparations to launch a long-range ballistic missile that is believed to be a Taepodong-2, so USFJ appears to have gone ahead with the new radar's test operation.

According to the Ministry of Land, Infrastructure, and Transport, USFJ has informed the ministry that the US military plans to start radar operation on June 26. The ministry has set up a no-fly zone with a radius of 6 kilometers and a height of 6 kilometers on the west side of the base. "US forces seem to have already started radar operation, but I'd like to abstain from making a formal comment," a senior official of the Defense Agency said.

9) US force realignment and Japan-US alliance: Focus of alliance likely to be shifted from responses to national contingencies to preventive measures for global stabilization

ASAHI (Page 15) (Excerpts)
June 28, 2006

In the June 29 Japan-US summit, the two leaders are expected to confirm in their joint statement the new role of the Japan-US alliance in a global context, based on the final agreement reached in May on plans for US force realignment in Japan. The planned realignment is part of efforts to establish a military setup under the lead of the United States to deal with terrorist threats. The realignment plans covering the Asia-Pacific region have China's recent military buildup in mind. Reflecting also ongoing changes in the bilateral alliance relations, the US is likely to expect Japan more to take joint steps with it.

Expansion of cooperation beyond Far East

The main purpose of the realignment of US forces in Japan is to reduce the security burden on the base-hosting local communities and enhance the sustainability of the Japan-US alliance. Under the US force realignment plan in South Korea, key US Army units will be significantly trimmed. Compared with it, the planned realignment in Japan will be on a smaller scale. The realignment plan for Japan, though, will inevitably have a major effect on the Japan-US alliance.

Center for Strategic International Studies (CSIS) Japan Desk Director Green said that the US would expect Japan to: (1) join the like-minded coalition to fight terrorism and engage in disaster-relief operations, even if Japan does not undertake the same mission as Britain and Australia; and (2) apply pressure on moves by China and North Korea.

Green added:

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"Ten years ago, China would have judged that Japan would play no role in dealing with a crisis in the Taiwan Strait, but that nation may fear Japan's moves now. Such fear should work to discourage China from taking action."

Once US force realignment plans are implemented, Japan and the US are expected to carry out joint training between the US military and the Self-Defense Forces in Guam. The document of agreement reached between the two countries last October specifies: "Opportunities for training will increase." On this issue, the two countries will soon start talks.

Once facilities and the environment are arranged, Air Self-Defense Force and Maritime Self-Defense Force troops are expected to go to Guam for training for air battles and anti-submarine warfare, respectively.

If the role of the Japan-US alliance in a global context is highlighted in the upcoming Japan-US summit, it will become necessary to discuss how to expand the framework of cooperation, which is now limited to the Far East region under the Japan-US Security Treaty.

The Japan-US alliance is designed to deal with contingencies based on the principle of defending Japanese territory for now. But the plan for US force realignment in Japan is also likely to change the alliance in nature and role into a preventive one aimed at stabilizing the world, in addition to a geographical change.

10) G-8 foreign ministerial to kick off tomorrow; Foreign Minister Aso to raise abduction issue; Will ask for cooperation on North Korean missile

YOMIURI (Page 2) (Excerpts)
June 28, 2006

Moscow, Yoshitaka Kuribayashi

Foreign Minister Taro Aso arrived in Moscow on the evening of June 27 (night of the same day, Japan time) to attend the Group of Eight (G-8) foreign ministerial meeting to be held on the 29th. During the meeting, Aso will call for the issue of the abductions of Japanese nationals by North Korean agents to be on the agenda at the G-8 Summit (St. Petersburg Summit) in July. He will also bring up the issue of North Korea's preparations to launch a Taepodong-2 and ask for cooperation to prevent a launch.

Commenting on the upcoming foreign ministerial, Aso told a news conference held on the morning of the 27th: "The nuclear programs of North Korea and Iran will be high on the agenda. Regarding the missile issue, the situation of waiting for North Korea's response is continuing. The abduction issue will also be on the summit agenda."

Aso will call for tough measures, including the submission of the issue to the UNSC and economic sanctions, in the event that North Korea launches a missile. Attention is being paid to how Russia, which is friendly to Pyongyang, will respond. When it comes to the nuclear issue, Aso will present the government's view that North Korea should return to the six-party talks at an early date.

On Iran's nuclear issue, he will indicate the view that it should

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accept at an early date a package proposed by the five permanent members of the UNSC plus Germany.

11) Government continues to be on alert over Taepodong-2; Intends to call for self-restraint, step up pressure on Pyongyang

TOKYO SHIMBUN (Page 2) (Full)
June 28, 2006

North Korea is now preparing to launch a Taepodong-2 long-range ballistic missile. The government will remain alert, while eyeing the possibility of the situation becoming protracted. At the same time, it will aim at having the international community besiege that nation at such venues as the Japan-US summit on June 29.

Reuters on June 12 quoted a US government official as saying that Pyongyang was preparing to launch a Taepodong-2 missile. Several days later, it was confirmed that an object thought to be a missile was mounted on a launch pad. Since then, there has been no marked move, according to a source informed of Japan-North Korea relations.

Defense Agency Director-General Fukushima Nukaga yesterday told a news conference, "As long as a crisis is there, we will remain alert."

Views are divided over whether the injection of liquid fuel, a yardstick in judging whether a launch is drawing near, has been completed. It is believed that a mixture of kerosene and an oxidizing agent is used as fuel for the Taepodong-2. Since oxidizing agents are corrosive, once fuel is injected into a missile tank, it has to be launched within a month or so. Otherwise, there might be the danger of a fuel leak.

The Japanese government has yet to find out the aim of the North. As

a Foreign Ministry official noted, "We do not know yet." It is now carefully analyzing the situation in cooperation with the US. Some take the view that, hard hit by financial sanctions by the US, the Kim Jong Il regime is trying to bring the US to the negotiating table by creating a crisis.

The Japanese government plans to bring up the Taepodong-2 issue at the Japan-US summit to be held on the 29th and the G-8 foreign ministerial meeting to be held in Moscow. During those meetings, Japan will convey to various countries that in the event Pyongyang launches the missile, it will take harsh measures, including economic sanctions and suspension of aid.

12) Government decides to set Torishima Island, Nagasaki Prefecture, as base point of EEZ to counter ROK's demand

SANKEI (Top play) (Full)
June 28, 2006

Ahead of the planned negotiations with South Korea on the demarcation of the exclusive economic zones (EEZ) in waters around the Takeshima/Dokdo islets, the government yesterday decided to urge South Korea to agree to set Torishima in Goto City, Nagasaki Prefecture, as the base point of Japan's EEZ. This move has come, because South Korea altered its previous position and now has demanded that Takeshima, Japan's territory, be used as the base point of South Korea's EEZ.

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During the next round of Japan-South Korea talks in Seoul slated for September, Japan intends to propose to South Korea that Torishima be used as the base point of Japan's EEZ in order to broaden Japan's EEZ.

The government had until recently asserted that Japan's EEZ should be demarcated with Takeshima as the base point, and at the same time it had pointed that Torishima is an island enabling Japan to use it as the base point to establish its EEZ in accordance with the United Nations Convention on the Law of the Sea. On the other hand, South Korea has insisted that Torishima is a rock, so it is not possible to set the EEZ based on Torishima.

During the recent demarcation talks in Tokyo June 12-13, South Korea began asserting suddenly that Takeshima, which the South Koreans until then had regarded as a group of rocks, was a group of islets. Departing from its previous assertion that the base point of South Korea's EEZ is Ullungdo Island, South Korea then proposed changing the base point to Takeshima, thereby greatly expanding South Korea's EEZ.

South Korea's about-face came amid the Roh Moo Hyun administration's political motive to put more pressure on Japan over Takeshima, which is claimed by both Japan and South Korea and which South Korea has illegally occupied, by shifting the Takeshima territorial issue to the history issue, as well as the administration's steady efforts to create a fait accompli by having a South Korean fisherman and his wife live there to make it an "inhabited island."

Both Japan and South Korea have agreed to hold demarcation talks in accordance with the agreement reached during the Japan-South Korea summit in 1996 that states the two countries will promote EEZ demarcation talks, setting aside the territorial issue involving Takeshima.

In the recent bilateral talks, Japan refused to accept South Korea's assertion that Takeshima be used as the ROK base point. In future negotiations, Japan intends to inquire as to why South Korea suddenly shifted its position.

A senior Foreign Ministry official explained: "South Korea's assertions are inconsistent. There is a possibility that Torishima could develop its own economic activities." Japan intends to assert that it should use Takeshima as the base point of its EEZ in the Sea of Japan and Torishima as the base point of its EEZ in the East China Sea. Given these factors, intense negotiations are likely.

13) Three Minshuto officials to visit China starting July 3

MAINICHI (Page 5) (Full)
June 28, 2006

It has been decided that Ichiro Ozawa, head of the Democratic Party of Japan (DPJ, or Minshuto) will visit China starting July 3. He will meet with Chinese leaders, including President Hu Jintao, on the 4th and 5th. It has also been formally decided that Acting DPJ President Naoto Kan and DPJ Secretary General Yukio Hatoyama will travel with Ozawa. Their China visit will likely serve as an occasion to make a public appeal regarding the party's stance of attaching importance to Asia, as well as party solidarity.

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Prime Minister Junichiro Koizumi yesterday left Japan for his last visit to the US and Canada as prime minister. It appears that Ozawa wanted to show his differences with Koizumi by choosing China as the first country for his visit. He will return home on the 5th or the 6th.

14) Abe to declare candidacy in late August for LDP presidential election

MAINICHI (Page 1) (Slightly abridged)
June 28, 2006

Chief Cabinet Secretary Shinzo Abe decided yesterday to declare his candidacy in late August for the Liberal Democratic Party presidential election in September. Abe conveyed this intention to former Prime Minister Yoshiro Mori, the chairman of the Mori faction, to which Abe belongs.

Abe has determined that the circumstances surrounding the presidential race could change depending on whether Prime Minister Junichiro Koizumi visits Yasukuni Shrine on Aug. 15, the day marking the end of World War II. Abe seems to have judged it wiser to watch closely to see what moves former Chief Cabinet Secretary Yasuo Fukuda, another likely candidate of the same faction, would make.

DONOVAN